

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:
02-001

2. STATE: CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
2/7/02

5. TYPE OF STATE PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1923 of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2002

\$1.9 million

b. FFY 2003

\$3.2 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19 A, page 17

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If applicable)

Attachment 4.19 A, page 17

10. SUBJECT OF AMENDMENT: Additional Disproportionate Share Payments for Acute Care Hospitals

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Comments, if any, to follow.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Michael P. Starkowski

14. TITLE: Deputy Commissioner

15. DATE SUBMITTED:
February 4, 2002

16. RETURN TO:

State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033
Attention: Donald Iodice

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 2/7/02

18. DATE APPROVED: 6/11/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

2/7/02

20. SIGNATURE OF REGIONAL OFFICIAL:

Richard E. Preston for R. Preston

21. TYPED NAME: Ronald Preston

22. TITLE: Area Regional Administrator - Drmso

23. REMARKS:

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(11) Additional Disproportionate Share Payments for Acute Care Hospitals (short-term General Hospitals) which provide Additional Certified Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in the previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state which certifies to the Secretary of the Office of Policy and Management that it provides uncompensated care that is not otherwise covered by any disproportionate share payments made under the State Plan.

CRITERIA – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the following conditions.

1. Be a lawfully operating acute care hospital within the state providing uncompensated care services.
2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.
3. Each hospital must certify to the Secretary of the Office of Policy and Management that it has incurred costs for the delivery of uncompensated care that are not otherwise compensated under any other section of the Medicaid State Plan.

PAYMENT ADJUSTMENT- Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in provided services to patients eligible for the State Medical Assistance Program and the General Assistance Program. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs they incurred for uncompensated services, any residual obligations or settlements outstanding from the Connecticut Uncompensated Care Program, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of DSS determines the amount of the disproportionate share payments to be made under this section based on information provided by the Office of Health Care Access to verify the certification provided by the qualified hospitals to the Secretary of the Office of Policy and Management.

TN# 02-001
Supersedes
TN# 01-015

Approval Date 6/11/02 Effective Date 02-07-02

OFFICIAL

NOTICE OF PROPOSED CHANGES TO THE STATE MEDICAID PLAN PERTAINING TO CLAIMS FOR FINANCIAL PARTICIPATION

The Department of Social Services proposes to revise its Medicaid State Plan effective February 7, 2002 as follows:

1. The definition of Section 11, "Additional Disproportionate Share Payments for Acute Care Hospitals (short-term General Hospitals) which Provide Additional Certified Uncompensated Care Under Section 1923 of the Social Security Act", has been changed to exclude a reference to Private Acute Care Hospitals.
2. The proposed changes are expected to result in an additional \$3.2 million in hospital disproportionate share payments in SFY 2003.

Copies of the proposed changes may be found in each of the following locations:

Social Services
Bridgeport Office
925 Housatonic Avenue
Bridgeport, CT 06604

Social Services
Bristol Office
45 North Main Street
Bristol, CT 06010

Social Services
Danbury Office
342 Main Street
Danbury, CT 06810

Social Services
Hartford Office
3580 Main Street
Hartford, CT 06120

Social Services
Manchester Office
669 East Middle Turnpike
Manchester, CT 06040

Social Services
Meriden Office
55 West Main Street
Meriden, CT 06450

OFFICIAL

Social Services
Middletown Office
117 Main Street
Middletown, CT 06457

Social Services
New Haven Office
194 Bassett Street
New Haven, CT 06511

Social Services
Norwich Office
Uncas on Thames Campus, Suite 201
401 West Thames Street
Norwich, CT 06360

Social Services
Torrington Office
62 Commercial Boulevard
Torrington, CT 06790

Social Services
Willimantic Office
676 Main Street
Willimantic, CT 06226

Social Services
New Britain Office
270 Lafayette Street
New Britain, CT 06053

Social Services
Norwalk Office
7 Concord Street
Norwalk, CT 06854

Social Services
Stamford Office
1642 Bedford Street
Stamford, CT 06905

Social Services
Waterbury Office
249 Thomaston Avenue
Waterbury, CT 06702

1. Written comments may be sent by February 20, 2002 to:

Director of Medical Care Administration
Department of Social Services
25 Sigourney Street, 11th Floor
Hartford, CT 06106

**THE CONNECTICUT MEDICAID AGENCY ASSURANCES
APPLICABLE TO MEDICAID INPATIENT HOSPITAL AND
DISPROPORTIONATE SHARE PAYMENTS**

- A. The Department of Social Services, as the single-State agency responsible for administration of the Medicaid program, makes the following assurances:
1. The State of Connecticut pays for inpatient hospital services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. These rates are determined in accordance with the methods and standards established under the State Plan and Section 17-312-102 through 17-312-105 of the Regulations of Connecticut State Agencies and reflect pre-BBA of 1997 Medicare TEFRA Reimbursement Principles including the OBRA 90 modifications to that methodology except effective October 1, 1999 there is no annual update factor applied to cost per discharge. The Department can assure pursuant to 42 CFR 447.272 that aggregate payments to hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.
 2. The methods and standards used to determine payment rates for inpatient hospital services take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs. This is accomplished through the use of the Medicare disproportionate share adjustment methodology established under Section 1886(d)(5)(F)(iv) of the Social Security Act. Therefore, the Department can assure that payment rates take into account the situation of hospitals, which serve a disproportionate number of low-income patients with special needs pursuant to Section 1902(a)(13)(A)(iv).

Additional Categories of Hospitals Qualified for Disproportionate Share Payments

- a) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to low-income persons determined eligible for financial and/or medical Assistance under the State General Assistance Program.
- b) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to uninsured or underinsured children under the jurisdiction of the Commissioner of Children and Families.

- c) Disproportionate share payments to psychiatric hospitals qualifying for such payments as a result of having a high percentage of uncompensated care.
 - d) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care.
 - e) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care in distressed municipalities.
 - f) Disproportionate share payments to short-term Children's General Hospitals qualifying for such payments as a result of providing uncompensated care.
 - g) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing additional certified uncompensated care.
3. State Plan Amendment 02-001 amends the proposed Sections 11 (SPA 01-015) and 12 (SPA 01-016) by deleting to reference to **Private** Acute Care Hospitals from the description for both sections. The amended sections will now read as follows: Section 11 - "Additional Disproportionate Share Payments for Acute Care Hospitals (short-term General Hospitals) which provide Additional Certified Uncompensated Care under Section 1923 of the Social Security Act".
4. The Department has complied with the public process requirements of the Balanced Budget Act of 1997 by publishing notice of the State Plan Amendment and making available to the public proposed and final rates, methodologies and justifications (copy attached).
5. The State Plan specifies comprehensively the methods and standards used to set Medicaid rates in accordance with 42 CFR430.10 and 447.252.

B. Related information as required by 42 C.F.R., Part 447, Subpart C:

1. As indicated in Attachment A, the estimated average payment rate as of the effective date of the proposed amendment and the estimated average payment rate for the immediate preceding period is \$22,872.
2. Additional categories of disproportionate share payments are made in the form of direct payments for services and are not included as part of payments made on behalf of Medicaid recipients.

Estimates of disproportionate share hospital payments for additional categories of hospitals are as follows (Estimates of gross amounts for FFY 2002):

- a) Hospitals qualifying for payments for services provided to low-income persons eligible for the State General Assistance Program:

\$28 million - Estimate based upon prior year expenditures adjusted for expected growth in the number of eligible and applicable rates.
- b) Hospitals qualifying for payments for services provided to uninsured children under the jurisdiction of the Commissioner of Children and Families:

\$1.2 million - Estimate based upon prior year expenditures of the Commissioner and applicable rates.
- c) Psychiatric hospitals qualifying for payments for services provided to low-income persons:

\$87.6 million - Estimates based upon an analysis of the number of uncompensated services at psychiatric hospitals expected to qualify for payments and applicable rates.
- d) Acute care hospitals qualifying for payments for uncompensated care:

\$85 million - Estimates of uncompensated care are derived from cost reports submitted to the Office of Health Care Access, which is the government agency responsible for hospital budget review and audit reporting.
- e) Final quarter adjustments to the uncompensated care pool.

\$4.9 million - Estimate of the impact of not taking any negative adjustments for disproportionate share payments for hospital fiscal year 1999.

- f) Final settlement for disproportionate share payments for hospital fiscal year 1999 for teaching hospitals located in distressed municipalities.

\$6.6 million - Estimate of the settlement of disproportionate share payments to teaching hospitals located in distressed municipalities.

- g) Disproportionate share payments to hospitals located in distressed municipalities.

\$15 million - Estimate of the amount of new disproportionate share payments to hospitals located in distressed municipalities as defined in section 32-9p of the Connecticut General Statutes.

- h) Disproportionate share payments to private freestanding short-term children's hospitals.

\$7 million – Estimate of the amount of new disproportionate share payments to private freestanding short-term children's general hospitals.

- i) Disproportionate share payments to private acute care general hospitals, which provide additional certified uncompensated care.

\$5.0 million – Estimate of the amount of new disproportionate share payments to acute care hospitals, which provide additional certified uncompensated care.

C. State Assurances Required by P.L. 102-234, 42 C.F.R. 447.272(c):

- 1. Aggregate disproportionate share payments to hospitals will not exceed the State's base disproportionate share hospital payment adjustment allotment.

D. State Assurances pursuant to section 1923(g) of the Social Security Act.

- 1. Disproportionate share payment adjustments to hospitals will not exceed the limitations described at section 1923(g) of the Social Security Act.